

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

MINUTES

Wednesday, December 17, 2003

The meeting was called to order at 10:30 a.m.

Roll: Francisco Lujano for State Treasurer Philip Angelides
 Cindy Aronberg for State Controller Steve Westly
 Fred Klass for Director of Finance Donna Arduin

Staff Present: Barbara Lloyd, Executive Secretary, PMIB
 Doug Spittler, State Treasurer's Office
 Gina Greer, Attorney General's Office
 Linda McAtee, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the meeting of November 19, 2003 were discussed. Revised language relative to Mr. Fred Klass's request for project information was presented. It was decided to defer approval of the minutes until January, so that all parties would have adequate time to review the revised language.

Ms. Barbara Lloyd took the opportunity of the discussion about this portion of the prior meeting minutes to provide an update to the Board regarding staff's efforts to respond to the Board's information request. At this time, staff has received feedback from some, but not all, of the departments about the type of project and program information readily available and has determined that there is a significant amount of variation in the information. Staff recommends the development of a standardized request for additional summary information that would be distributed to all the relevant departments, and expects to have prepared the form of this request prior to the next meeting of the Board.

APPROVAL OF PMIB DESIGNATION NO. 1654

Mr. Doug Spittler of the State Treasurer's Office presented the portfolio Summary Report as of December 10, 2003. On that day, the portfolio stood at \$50.645 billion. The effective yield was 1.569%, the quarter-to-date yield was 1.581% and the year-to-date yield was 1.614%. The average life of the portfolio was 200 days and AB 55 Loans approved stood at \$5.242 billion

with \$1.570 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$20.851 billion with 2,828 participants.

Mr. Steve Muraki of the Cash Management Division of the State Treasurer's Office presented a summary of the Forecast of Changes in portfolio for the Pooled Money Investment Account for the period December 15, 2003, through February 20, 2004. He stated that over the ten-week period there would be an increase in the portfolio of about \$5.096 billion due to receipts exceeding disbursements. Mr. Muraki continued by highlighting several of the key receipts. He noted that the Sales, Liquor and Utility Surcharges were estimated to total \$7.900 billion and that Motor Vehicle Fuel Taxes were anticipated to total \$506.6 million. Personal Income and Bank & Corporation Taxes were expected to total \$10.258 billion, while the Insurance Gross Premium Taxes were estimated at \$309.9 million. Trial Court Receipts were anticipated at \$199.0 million. Mr. Muraki concluded by stating that receipts were expected to total \$37.013 billion for the ten-week period.

Ms. Sue Griffith of the State Controller's Office presented the Estimated Pooled Money Disbursements for the forecast period and highlighted several of the major disbursements. Public School and Community College expenses were expected to total \$6.530 billion and Social Services disbursements were estimated at \$3.174 billion. The Local Sales Tax Apportionment was anticipated at \$2.416 billion and the Lottery Education Apportionment was expected to total \$288.6 million. In conclusion, Ms. Griffith said that the Payroll Revolving Fund would total \$2.540 billion and that total disbursements for the ten-week period were estimated at \$31.298 billion.

Designation No. 1654 was approved, 3-0.

APPROVAL OF SURPLUS MONEY DECLARATIONS/REDUCTIONS

Mr. Doug Spittler presented the changes in the Surplus Money Investment Fund for the period November 1, 2003, through November 30, 2003. During that month \$5.799 billion was declared surplus in various special funds, while \$7.085 billion was declared to be a reduction in surplus. He noted that the daily detail of changes was attached to the statement.

The Surplus Money Statement of Declarations and Reductions for the month of November 2003 was approved, 3-0.

APPROVAL OF SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Doug Spittler presented a SMIF request from the Department of Transportation for the Local Transportation Loan Account (Fund Number 2501). He indicated that State Controller's Office staff had reviewed the request and recommended its approval and that he concurred with this recommendation.

Mr. Fred Klass then asked a question regarding the criteria that is applied to these applications when determining whether they should be approved for SMIF. Mr. Spittler responded that the main criterion for making this determination is the source of money for the affected fund. If the money for a particular fund comes primarily from some source other than the general fund—then the request would be approved. However, if it's an appropriation from the general fund to a special fund for a limited purpose, then they're apt not to get approved. Ms. Barbara Lloyd mentioned that sometimes the legislation establishing a fund will include language specific to keeping its funds and in that case the general rule would not apply. Mr. Spittler indicated that each case is looked at individually. Mr. Klass said he understood and thanked them for the clarification.

The Board accepted the staff's recommendation and approved the request, 3-0.

APPROVAL OF AB 55 LOANS

Mr. Chris Kooyman of the Public Finance Division of the State Treasurer's Office presented sixteen loan requests. He noted that loans a. through f. were for general obligation bond programs and that loans g. through p. were for lease revenue bond programs. The first loan presented (*Item a.*) was from the State Allocation Board/Office of Public School Construction for the School Facilities Bond Act of 1988 (November) for \$999,516.56. The second request (*Item b.*) was from the Department of Health Services for the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Bond Act of 2000 for \$48,002,472.74. The third loan (*Item c.*) was from the University of California for the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Bond Act of 2000 for \$2,439,000.00. The fourth request (*Item d.*) was from the Voting Modernization Board for the Voting Modernization Bond Act of 2002 for \$155,000,000.00. The fifth loan request (*Item e.*) was from Housing and Community Development for the Housing and Emergency Shelter Trust Fund Act of 2002 (Taxable) for \$275,000,000.00. The sixth request (*Item f.*) was from Housing and Community Development for the Housing and Emergency Shelter Trust Fund Act of 2002 (Tax-Exempt) for \$26,730,000.00.

The seventh request presented (*Item g.*) was from the University of California/SPWB Lease Revenue Bond program for the San Diego Campus, Engineering Building Unit 3B for \$34,736,000.00. The eighth loan (*Item h.*) was from the University of California/SPWB Lease Revenue Bond program for the Irvine Campus, Natural Sciences Unit 2 for \$34,400,000.00. The ninth request (*Item i.*) was from the Department of Justice/SPWB Lease Revenue Bond program for the Santa Barbara Replacement Laboratory for \$18,000.00. The tenth loan (*Item j.*) was from the Department of General Services/SPWB Lease Revenue Bond program for the State Office Building #10 Renovation for \$1,881,000.00. The eleventh request (*Item k.*) was from the Department of Forestry & Fire Protection/SPWB Lease Revenue Bond program for the Lassen Modoc Ranger Unit Headquarters for \$1,696,000.00. The twelfth request (*Item l.*) was from California Community Colleges/SPWB Lease Revenue Bond program for the Cuesta College-Library Addition Reconstruction for \$6,000,000.00. The thirteenth loan (*Item m.*) was from the Department of Education/SPWB Lease Revenue Bond program for the School for the Deaf,

Riverside – Multi-Purpose Building for \$252,000.00. The fourteenth request (*Item n.*) was from the Department of Corrections/SPWB Lease Revenue Bond program for the California State Prison, Sacramento, Psychiatric Services Unit/Enhanced Outpatient Care Ph II for \$9,404,800.00. The fifteenth loan (*Item o.*) was from the Department of Corrections/SPWB Lease Revenue Bond program for the California Medical Facility, Vacaville, Mental Health Crisis Beds for \$2,126,545.00. The sixteenth request (*Item p.*) was from the Department of Transportation/SPWB Lease Revenue Bond program for the San Diego Office Building Replacement for \$33,600,000.00.

The impact on the Pool of approving these requests would be to increase portfolio loan balances by \$219.6 million. Mr. Kooyman stated that all loans were recommended for approval as presented with the exception of loan p., which was being recommended for approval contingent upon confirmation from Public works Board staff that the twenty-day waiting period had expired and that the augmentation was, therefore, approved.

All sixteen loan requests were approved as recommended by staff, 3-0.

PUBLIC COMMENT

None.

OTHER BUSINESS

In the absence of further business, the meeting was adjourned at 10:46 a.m.

Respectfully submitted

Barbara Lloyd
Executive Secretary